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Statement Before the
U.S. Senate Committee on Small Business and Entrepreneurship

Regarding the FY 2006 SBA Budget
and
Proposed SBA Legislative Package

February 17, 2005

Chairperson Snowe, Ranking Member Kerry, and Members of the Senate Committee on Small Business and Entrepreneurship; I am John Massaua, State Director for the Maine Small Business Development Centers, an SBA partnership program with the State of Maine and other stakeholders, contractors and allies, administered by and at the University of Southern Maine. I also serve on the Board of Directors of the Association of Small Business Development Centers (ASBDC). The Maine SBDC has 11 Service Centers and 25 Outreach Offices throughout the State of Maine. ASBDC's members are the sixty-three State, Regional and Territorial Small Business Development Center programs comprising America's Small Business Development Center Network. SBDC programs are located in all fifty-states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and American Samoa. The SBDC network is the federal government's largest small business management and technical-assistance program with over 1,000 service centers nationwide serving more clients than all other federal management and technical assistance programs combined.

Madame Chair, I would like to thank you and the Senate Small Business Committee on behalf of ASBDC, and the nearly 6,000 dedicated men and women who are a part of America's Small Business Development Center Network, for inviting me to testify at this important hearing on the Administration's FY 2006 budget for the U.S. Small Business Administration. With me today is Donald Wilson, President of the Association of Small Business Development Centers. We commend the committee, Madame Chair, for holding a formal public hearing on the Administration's budget request for the SBA for FY 2006. It is important to look at the Administration's budget figures for the SBA in light of the current economy and the needs of the small business sector. We should also look at those numbers in light of historical trends in budget support for the small business sector of the nation's economy.

I would also like to take a moment Madame Chair to thank you, Ranking Member Kerry and the members of this committee for all of your efforts on behalf of small business throughout the 108th Congress. In particular Madame Chair, we would like to thank you and Ranking Member Kerry for your efforts along with your counterparts in the House for the role you all played in securing passage of the SBA reauthorization bill in the last days of the 108th Congress. We are deeply grateful for including in that important legislation the long needed confidentiality protections for SBDC clients nationwide.

We would also like to thank you Madame Chair for your and Senator Kerry's efforts to try and stabilize the SBA's 7(a) loan program. The agreement worked out will apparently avoid a repeat of the catastrophe that occurred in December 2003 when SBA effectively shut down the 7(a) program.

On a personal note, I want to thank you Madame Chair for you participation at home in Maine in understanding and advocating for small business, especially at the recent opening pf the joint Eastern Maine Community College – Maine SBDC Business Resource Center in Bangor. We were particularly delighted with your public comments about the importance and impact of the Maine SBDC in the context of the same for the entire national network. Thank you.

I would like at this time to direct the Committee's attention to the state of the nation's and in particular Maine's economy, the Administration's proposed SBA budget for FY 2006, and the contribution of the nation's small business sector to our overall economy. I will then focus my remaining remarks on the Administration's proposed funding for the SBDC national program and proposed 2005 legislation by the SBA.

The Bureau of Economic Analysis at the Department of Commerce reported late last month that the nation's Real Gross Domestic Product increased by 4.4 percent in 2004. This compared to a 3% increase in 2003. It was also the best increase since 1999. However, **the fourth quarter increase was at an annualized rate of 3.1%. This was the smallest quarterly increase all year and the lowest since the first quarter of 2003.** We are grateful that the economy has continued to expand for the third year in a row. Congress needs to allocate federal resources in such a way as to maximize the chances of keeping the current expansion going.

The federal government must allocate resources in a way that will help insure that we increase the number of job opportunities for those being laid off as many large corporations continue to downsize and as corporate mergers increase. December 2004 was the busiest December *in history* for mergers and acquisitions, according to Thomson Financial. We need look no further than the merger of SBC and AT& T or Gillette and Procter and Gamble to see the impact that corporate mergers have on jobs as already evidenced in Maine by the creation through merger of Unum/Provident. The P & G / Gillette merger is expected to result in a loss of 6,000 jobs. The merger of SBC and ATT is expected to result in the loss of 13,000 jobs. And we are not expected to know for a while what the job losses will be from the merger of Sears and Kmart or Citicorp and J. P. Morgan. We can be relatively confident that the layoffs will be substantial. And it is not just mergers that are resulting in substantial job loss. In mid December, Delphi, the nations largest auto parts maker announced it was cutting 3,000 U.S. jobs. **Who will create the new jobs to compensate for the job losses I have just described? We will look to small businesses for new job creation just as we have for the last decade or more.** The question is, will there be enough new small businesses being formed and existing small businesses expanding to generate the nearly 160,000 new jobs we need every month simply to provide jobs for new workers seeking to enter the workforce? That will depend in part on whether the government modifies the discouraging and counterproductive downward trend in the real level of resources as well as the downward trend in the percentage of federal resources allocated to assist small businesses.

Correspondingly in Maine, economic conditions continue to be stressed as the legacy pulp and paper, timber, textile and shoe industries continue to decline rapidly. The threat of downsizing of Bath Iron Works and the possible closure of navy bases in Brunswick and Portsmouth loom large for the future of Maine's economy. **4.7% of Maine's workforce remains unemployed**, a seasonally adjusted near constant statistic for all of calendar 2004. This relatively flat employment level overall masks a well-known trend that over the past 4 years, **Maine has lost over 17,000 manufacturing jobs**. In two of our State's poorest counties, Piscataquis and Washington, employment declined by 1%, scary when one considers their 2004 average unemployment rates equaled 6.5% and 8.6% respectively. Additionally, **Maine's Per Capita Income** varies widely from approximately $24,000 in Piscataquis County to approximately $35,000 in Cumberland County, well **below regional levels by 25% and 8 to 9% below the U.S.** across all states.

Notwithstanding a relatively flat unemployment rate, **Maine is an impoverished state**, no stranger to poverty, especially in sparsely populated counties. For generations, families have survived by working the land, fishing and lobstering, and laboring in factories and mills. According to the *Portland Press Herald*, steady job losses, persistent population drops and factory closings have made it tougher for families in many Maine towns to survive. **Maine leads the country with the fastest growing poverty rate**, tied with Arkansas and Mississippi; poverty-related enrollment in Medicaid rose from 24,100 to 48,400 from 1997 to 2002, with the biggest jump from 2000 to 2001, when enrollment doubled, according to the Kaiser Family Foundation; federal dollars for rural rental assistance have declined as need rises: in 1993, Maine received $22.7 million and in 2002, $17.9 million. Federal dollars for rural home construction fell during the same time period, as did federal spending on Section 8 vouchers, another source for rental assistance, and many of the state's Section 8 housing vouchers - a primary source of rental assistance for poor people - were frozen for most of 2003, because of overwhelming demand, according to housing officials; the Maine State Housing Authority turned away hundreds of families needing help to pay rent; communities in sparsely populated counties are as well struggling to keep their professionals, dentists, and doctors: for example, 4,000 people remain on a waiting list at Penobscot Community Health Center to see a dentist. Since 1993, credit outstanding as a percent of disposable income has risen sharply from 15% to well over 21%. Not surprisingly, bankruptcy filings have also surged. Growth in installment credit has outpaced income growth in 8 of 10 years. And in addition to bankruptcy filings, **another indicator of the number of people in Maine who are living on the edge is the number of people on food stamps; this figure has been growing since 2000 and is now near 1993’s (last recession) peak.**

The need for Maine to look to a vision of small business and entrepreneurship has never been greater. As well for our nation, the troubles in Maine - rising poverty and persistent job loss - mirror a national trend spreading across the Great Plains, Appalachia, Wyoming and other states with sprawling tracts of undeveloped land far from metropolitan areas. "It's important to understand what Maine is witnessing, clearly other places are experiencing," according to Mark Lapping, a professor of planning and community development at our University of Southern Maine's Muskie School of Public Service. Maine, along with other rural states, suffers from neglect. "The economy and much of society has made rural America peripheral to the mainstream," Lapping asserts. "Government and the business world are increasingly discounting families and businesses" in rural areas, "considering them not necessary."

However, notwithstanding Lapping’s observation, increasingly small business and entrepreneurship are being seen as solutions to Maine and others’ economic difficulties. There is growing understanding that economic development strategies founded primarily on business recruitment are not in rural America’s best interests and that there needs to be a greater emphasis on homegrown development, according to a 2004 jointly published report from the W. K. Kellogg Foundation and the Corporation for Enterprise Development. The report points out that many observers see entrepreneurship as being a critical, if not major piece of rural economic development and that there is a compelling argument that creating an entrepreneurial climate where all kinds of entrepreneurs can succeed, lays **the groundwork for the five out of 100 small businesses that evolve into the fast-growing drivers of the national economy**. The report goes on to say that entrepreneur-focused: systems thinking is required to align the plethora of training, technical assistance, and financing programs to meet the variety of needs of entrepreneurs and their different levels of education, skills, and maturity. Thinking, as Madame Chair and the Committee knows, that has been led by America's Small Business Development Center Network for the past twenty-five years.

It seems it's just not rural entrepreneurship that is important, fostering the creation of entry-level businesses… is crucial to the revitalization of poor, urban neighborhoods, according to a study issued by the Center for Urban Entrepreneurship (CUE) at the Pioneer Institute for Public Policy Research. The Institute points out that businesses started by inner-city residents tend to have a more lasting commitment to their communities. Moreover, as these businesses grow, they are more likely to hire local residents and spur further local business development. CUE asserts business ownership can also be a path to wealth creation for low-income individuals and their families; it can enable residents of distressed urban areas to share in the benefits of revitalization, rather than become victims of gentrification. **Who will help these rural and inner-city businesses grow but for a proven network of technical assistance service providers, America's Small Business Development Center Network, given the proper resources?**

Now, taking a serious look at the nation's overall jobs picture, 2004 was the first year since 1999 that saw job growth in every single month, and it was also the first year since 2000 that the jobless rate declined. The nation's unemployment rate in January of 2004 was 5.6 percent. The jobless rate last month fell to 5.2%. On the surface, that would be very encouraging news. However, it would appear that the decline in the unemployment rate was primarily due to a fall in the Labor Force Participation Rate (LFPR) from 66.0% to 65.8%. **This represents the lowest Labor Force Participation Rate since May 1988**. The LFPR is currently 1.5 percentage points below its most recent peak of 67.3% achieved in April 2000. In other words, the unemployment rate declined last month because hundreds of thousands of Americans gave up looking for work in January. Specifically, unemployment fell because the labor force fell by 224,000, while employment grew by only 85,000.

The number of jobs created since the last recession ended in November 2001 has been the lowest of any economic recovery in the United States since World War II. The total number of jobs in the economy last month was only 62,000 more than existed in March of 2001. Currently private sector employment remains approximately 700,000 jobs <u>below</u> what it was in March 2001. Government entities may be creating new jobs but the private sector is not. **Private sector employment in January was 0.6% below what it was 46 months ago**. This is a particularly disturbing statistic. Overall, we have fewer people employed today than the President's Council of Economic Advisors predicted in January of 2002 that the nation would have in January of 2003.

Clearly, this has been an unusual recovery. Virtually every prediction in recent years relating to job growth has been missed. When the President's tax package was approved, the Council of Economic Advisors (CEA) projected 5.5 million new jobs would be created from July 2003 through the end of 2004. As of December 31 of 2004, it became apparent that those projections would fall short by nearly 3 million jobs. Fortunately, 2.2 million jobs were added during this past year, thereby bringing the year-end employment levels to 132.3 million employed.

In January, manufacturing employment, (which we know is of particular concern to you Madame Chair in your capacity as Co-Chair of the Senate Manufacturing Taskforce) declined by 25,000 jobs. **That is the fifth consecutive monthly decline in factory jobs**. From March 1 through August of 2004 the economy created 85,000 new manufacturing jobs. From September 1,2004 to February 1, 2005 the manufacturing sector has lost 61,000 jobs.

This **loss of manufacturing jobs is taking its toll on the Maine's economy**. Like the U.S., Global markets have battered Maine, but even more so. By the early 1990s, Maine's decline in manufacturing employment started accelerating. **While the U.S. has lost 25-30% of its manufacturing jobs from peak to trough, Maine has lost closer to 50%.** This is of particular concern because it hits Maine's rural areas the hardest as these rural places have the highest concentration and dependence on industrial jobs. York and Sagadahoc are also vulnerable, particularly with the BRAC process restarting. As Maine losses manufacturing jobs, they are being replaced by lower paying jobs with fewer benefits. The percent of jobs in Maine that pay a livable wage has been stuck at approximately 66% for eight years; far below Maine's desired benchmark of 85%.

The national economic data which we have seen coming from the Department of Commerce and the Department of Labor continue to give mixed signals about the future of the economy, as well those from the Maine State Planning Office. We are relatively confident that the overall economy will continue to expand throughout FY 2005 but at a slower pace than in FY 2004. The real economic issue that faces us all is job creation. Can this economy produce the number of jobs necessary to provide older Americans caught by downsizing and young Americans graduating from high school and college with the employment opportunities they must have to provide for themselves and their families? Can we create enough jobs to ensure that consumer spending will continue to drive economic growth? What will be the impact of higher interest rates on housing starts, consumer spending and in turn job creation?

The robust growth of 2004 is not likely to be repeated. Consumer spending will likely be unable to continue to fuel growth if inflation increases, wages remain relatively stagnant, and energy prices increase. Private sector job creation will be uncertain if we do not pay more attention to the well-being of our nation's small businesses. One measure of whether we are paying attention is resource allocation. Resources for SBA have declined roughly 40 percent since 2000. This budget continues that downward spiral. ASBDC believes the economy has paid a price over the last four years as resources for management and technical assistance to small business owners and aspiring entrepreneurs has declined, certainly in real dollar terms.

Administrator Barreto has done what he could with what he has. Nevertheless, his field staff is strained, his resource partners are strained and small business owners are not getting the depth of service and adequate access to services that they need and deserve in light of the fact that over 40% of Treasury receipts come from small businesses.

Neither the SBDC national network nor I is unmindful of what is occurring in the world and the responsibilities throughout the world that our nation is trying to meet. We recognize that we are fighting a worldwide war against terrorism and that we are engaged in nation building in Iraq, and Afghanistan. We fully appreciate that nation building does not come cheap and that we must provide for our troops abroad.

We understand that to meet these new worldwide obligations requires resources. That is why we have voiced concern about the lag time of this recovery in comparison to earlier post recession recoveries, the slow growth in business startups and the slow growth in employment. These factors have contributed to a decline in Treasury receipts in three of the last four years. If there is not robust activity in the entrepreneurial sector, job creation will suffer, consumers will have less to spend, government will spend more on public assistance programs and we will have to borrow more to meet our obligations as we have for the past four years.

We are concerned that continued erosion of overall SBA resources is having an adverse impact on the small business sector of the economy. The key to lowering the deficit is economic growth stimulated by entrepreneurial activity and job formation. We cannot expect to stimulate job growth if we do not assist small businesses that are struggling to survive or grow. And I hope we will always be mindful that small businesses create roughly 70 percent of the new jobs in our economy and 53 percent of our nation's Gross Domestic Product.

As to the specific recommended funding for the SBDC program, I am sure there was a collective sigh of relief at every SBDC nationwide when it was learned that the President's budget recommended $ 88 million for the SBDC program for FY 2006. We would appear ungrateful if we did not acknowledge that, in actual dollar terms, the SBDC program has been recommended for the same level of funding that the White House proposed last year. And that recommendation comes at a time when hundreds of programs are being eliminated or are being cut. And we are, indeed, grateful.

However, this committee and your colleagues in the Senate and House should understand that years of level funding are gnawing at the very marrow of the SBDC national program, seriously impacting its ability to help the 23 million small businesses in this country, whether they are manufacturing concerns with 500 employees or a mother operating a home based business to help her family get by.

And our government's obligations abroad in terms of nation building and in terms of the war on terror are creating major problems for thousands of small businesses here at home. When our nation sends National Guard and Reserve Units abroad, as it understandably must do, it is sending abroad many owners and key employees of small businesses. What do we say to the men and women who return after serving in uniform in Iraq and Afghanistan to find the business they owned or the business that employed them no longer open for business? Additional resources are desperately needed to enable SBDCs to assist small businesses impacted by the call up of owners and key employees to active duty service in the Guard and Reserve.

And where are the SBDC resources to assist the tens of thousands of new immigrants particularly in the Hispanic community who are seeking to start a new business so that they too can enjoy the American dream?

I mentioned earlier the growing number of jobs lost to downsizing and mergers. These realities in the economy have resulted in an ever-increasing number of Americans over 50 in the unemployment lines. A recent article in *USA Today* focused on new research that shows 5.6 million workers age 50 and older are now self-employed**, a 23% jump from 1990**. As a result of corporate downsizing and mergers, tens of thousands of workers over 50 have faced loss of employment in recent years. Many of these workers, after months of unsuccessfully searching for new employment, turn to self-employment. And where are they to find the necessary training to develop the wide range of skills required to run a small business successfully? Many of them are turning to their local SBDC. Where are the resources to enable SBDCs to serve what the Rand Corporation's research for the AARP says will be an ever increasing number of baby boomers turning to self-employment to sustain their families in 2005, 2006 and beyond?

Dr. Graham at the Office of Information and Regulatory Affairs at the White House and Small Business Advocate Tom Sullivan are doing a remarkable job in their efforts to slow the ever-growing regulatory burden on America's small businesses. Their efforts have resulted in billions in regulatory compliance cost savings. But the number of new regulations grew substantially in 2003 and 2004. Where are the resources needed to enable SBDCs to assist millions of small businesses, your constituents, who are struggling to understand and comply with the ever- growing regulatory burden on small businesses?

Recognizing your concerns Madame Chair with the state of manufacturing in the U.S., ASBDC commissioned Dr. James Chrisman of Mississippi State University last summer to analyze the impact of SBDC services on SBDC long-term counseling clients who were manufacturers. Dr. Chrisman completed that study in September of 2004. Dr. Chrisman estimates that SBDC long term counseling clients who received services in 2002 generated 9,251 new jobs during 2002 and 2003. Based on client assessments, Dr.

Chrisman estimates that as a result of SBDCS counseling, 185,321 manufacturing jobs were saved in 2002 and 2003. Dr. Chrisman further estimates that SBDC 2002 long-term counseling clients who were manufacturers generated an increase in tax revenues of $58 million of which $34.8 million went into the Federal Treasury. And those manufacturing firms who received long-term counseling represented a little less than 12 per cent of SBDC long-term counseling clients in 2002. With the continued difficulties facing American manufacturing, where are the additional resources that SBDCs will need to address the growing needs of our nation's small manufacturers?

The more comprehensive 2004 economic impact study of all SBDC long-term counseling clients conducted by Dr. Chrisman, reported that **SBDC long-term counseling clients generated 56,258 new jobs in 2003 as compared to 46,688 new jobs created by SBDC long-term counseling clients in 2001**. The 2004 Chrisman Study also reported that an additional 59,489 jobs were saved in 2003 as a result of SBDC long-term counseling compared to 34,215 jobs saved in 2001. The 2004 Chrisman Study reveals that the average change of employment rate for SBDC established business clients was a positive 10.2%, over twenty-five times the rate of the average U.S. business. The average change in sales for an SBDC long-term counseling client was 17% compared to 2% for the average U.S. firm. Nearly fifty-three percent of SBDC pre-venture clients who received long-term counseling (five hours or more) during 2002, actually started new businesses during 2002 and 2003.

The same Chrisman Study points out in Maine:

- **A job is created or saved** by Maine SBDC business assisted clients every …**9 hours**.
- **$10,000 in new sales** are generated by Maine SBDC business assisted clients every **…64 minutes**.
- **$25,000 in financing** is obtained by Maine SBDC business assisted clients every **…17 hours.**
- **Existing business owners score** Maine SBDC Counselors **4.3 out of 5** on knowledge and expertise.
- **92.1% of existing business owners would recommend** Maine SBDC services to other business owners.

Despite the positive numbers reported by Chrisman, there is one very disturbing piece of data in the most recent SBDC productivity numbers. For the first time in recent years the average hours per counseling client declined as overall counseling hours declined. This decline in the overall number of counseling hours occurred in the face of an increase in the overall number of counseling clients. We believe this is primarily due to the fact that the SBDC national network has experienced a reduction in the number of counselors available nationwide to serve an expanding number of clients seeking counseling services. The reduction in available counselors is clearly due to a decline in available federal financial resources in actual and real dollar terms in recent years**.**

For example, SBDC programs in low population states such as Madame Chair's State of Maine, Senator Enzi's State of Wyoming, Senator Burns' State of Montana, or Senator Thune's State of South Dakota (which get base grants of $500,000) have had no increase in federal funding since 1998. Inflation alone has eroded their ability to serve their state's small businesses. To have the purchasing power that they had in FY 1998, low population states would each need grants of $ 603,000 in FY 2006.

SBDCs in many larger population states experienced severe cuts as a result of the 2000 census. Many of these states now have some of the highest unemployment levels in the nation. Madame Chair, the SBDC program in Senator Bond's state of Missouri under the President's recently proposed FY 2006 budget would receive $ 61,000 less in actual dollars in FY 2006 than it did in FY 2001. The SBDC program in Senator Kerry's state of Massachusetts would receive $ 132,000 less in FY 2006 than it did in FY 2001. The SBDC program in Senator Bayh's state of Indiana would receive $ 60,000 less in FY 2006 than it did in FY 2001. The SBDC program in Senator Levin's state of Michigan would receive nearly $130,000 less in FY 2006 than it did in FY 2001, Senator Vitter and Senator Landrieu's state of Louisiana would receive $91,000 less in FY 2006 than it did in FY 2001, Senator Coleman's state of Minnesota would receive $13,000 less in FY 2006 than it did in FY 2001 and Senator Lieberman's state of Connecticut would receive $100,000 less in FY 2006 than it did in FY 2001 and Senator Pryor's state of Arkansas would receive $42,000 less in FY 2006 than it did in FY 2001. And these numbers reflect actual dollars with no adjustment for inflation.

To provide SBDCs in low population states with sufficient funds to restore their purchasing power to FY 1998 levels and to restore states impacted by the census to the actual funding levels of FY 2001 would require an appropriation for SBDCs in FY 2006 of $109 million, still well below the program's authorized level of $135 million. Madame Chair, Senator Kerry, Honorable Members of the Committee, on behalf of America's small businesses, **we respectfully ask for an appropriation of $109 million** for the SBDC program,

If that level of appropriation cannot be accommodated, then no one on this committee should be surprised when SBDC counselors in their state are laid off or service centers are closed. And no one should be surprised when counseling hours per client decline again in FY 2006. Reduced hours per client results in reduced economic impact. And many of our counselors believe that maximum economic impact is attained when clients receive between 5 and 12 hours of counseling. It is impossible for the SBDC program to give an increasing number of clients the attention they need and deserve with the level of decline in resources that has occurred since 1998 as I have outlined above.

Think of this decline in hours of consulting per client in terms of your own health care. What if you were experiencing a variety of concerning health symptoms and went to your family practitioner or internist seeking medical attention? Suppose the doctor came into the examining room, looked at you briefly without a meaningful discussion with you of your symptoms, without ascertaining whether you were running a fever, without checking your blood pressure, without a urinalysis or blood test and then prescribed a treatment regimen. I seriously question whether you would make a return visit to that particular physician or have any confidence that his or her prescribed regimen would do much to improve your health. That is the type of reduced service and response that many SBDC clients may have to expect in the future if demand for SBDC services continues to increase and resources continue to decline. And when the quality of services declines, the beneficial economic impact of our consulting services, that is increased client sales, increased job creation and increased revenues to state and federal treasuries will likely decline.

Madame Chair, in Maine this year, we would have had to reduce staff if it were not for a state assisted CDBG allocation of some 200K that enabled our SBDC to maintain level staffing. The prospect of a CDBG grant for next year is slim to none and **we are staring in the face of an 18% reduction of counseling staff, come next January, should we not get the resources needed.**

The latest SBA figures for the SBDC national program show that SBDC counseling cases and training attendees combined increased from 685,000 in FY 2003 to nearly 726,000 in FY 2004. Training attendees increased from 408,000 in 2003 to nearly 446,000 in 2004. These figures clearly demonstrate that America's small business owners and aspiring entrepreneurs are aware that they need management and technical assistance to enhance their likelihood of business success. They are increasingly seeking that assistance from the experienced, capable, and dedicated men and women who are consultants and trainers in America's Small Business Development Center Network. In Maine, nearly 3000 nascent entrepreneurs and existing business owners sought one-on-one business assistance in Calendar 2004 with a similar number in attendance at 180 Maine SBDC sponsored workshops, notwithstanding yet another similar amount served with SBA termed information transfers. Clearly, in Maine and nationally demand is enormous.

Looking even closer at the SBDC client base, SBA's latest figures show that in 2004, **40% of SBDC counseling clients nationwide were women (in Maine: 47%)**. SBDCs serve more women than all other federal management and technical assistance programs combined. And the increase in entrepreneurial activity among women is dramatic. Entrepreneurial activity is also rapidly increasing among minorities. **Seventeen percent of SBDC clients are African American, over ten percent are Hispanic and four percent are Asian-Americans. Over nine percent of SBDC counseling clients are self-identified veterans (in Maine: 12%)**. Sixteen percent of our counseling clients were engaged in retail. Thirty-eight percent were engaged in service, eight percent were engaged in manufacturing (in Maine 12.4%), three percent were engaged in wholesale, and four percent were engaged in construction. Forty-four percent of our training seminar attendees were women, twenty-four percent were minorities and seven percent were self identified veterans.

And these SBDC clients and firms are not simply statistics. They are our neighbors, our relatives and our fellow church congregants, who have children in our children's schools and businesses in our communities. They are individuals like Mark Awalt of JSI Store Fixtures in Milo, Maine, Susan Giguire of Care & Comfort in Waterville, Maine (recognized by the SBA as one of 15 nationally acclaimed Women Entrepreneurs), and Martin Grohman of the tech-savvy company Correct Building Products in Biddeford, Maine, makers of CorrectDeck; and Christine Henriques with her partners, Gabe Linden and Jason Mark, of Gravity Switch, a multimedia development firm in Northampton, Massachusetts; and Mark Hanudel of R & H Quality Refractory Service, Inc who was the 2004 SBA Small Business person of the year from Sulphur, Louisiana; Merrie and Tom Ellsberry and their mobile document shredding business in Cheyenne, Wyoming; Dawn and Rod Nimtz and their Cracked Egg Omelette Shoppe in Bay City, Michigan; and thousands and thousands of others. These men and women from all types of communities, educational backgrounds, ethnicity, etc., are building and growing companies. And the companies they are building and growing are providing work for others in their communities. Those workers and the companies that employ them are paying local, state and federal taxes. And the tax revenues resulting from the increased economic activity of SBDC clients exceeds the federal outlays for the SBDC program. The 2004 Chrisman Study of SBDC long-term clients who received assistance in 2002 found that the incremental performance improvements of these clients resulted in $ 210. 3 million in additional tax revenues from established businesses and $ 264.8 million from pre-venture clients who started new businesses. This amounted to a total of approximately $ 475.1 million in additional tax revenues of which **$ 211.6 million went to the federal government** and $ 263.5 million went to the states. In Maine the report shows that **$ 2.00 is returned to Maine the very next year through state tax revenues for each State dollar invested** in the Maine SBDC **every year**, and **$ 2.60 is returned through federal tax revenues** to the US **for each federal dollar invested.**

Madame Chair, very shortly now, you will be submitting a letter to the Senate Budget Committee regarding the needs of programs under this committee's jurisdiction. In his inaugural address last month, the President told the nation he wanted to enhance opportunities for business ownership. We share his vision of an opportunity society. But just as opportunities are foreclosed for millions of young people who drop out of school or do not attain education past high school, so are opportunities lost to millions of small business owners or aspiring entrepreneurs if they cannot access resources that will enable them to manage their businesses effectively and profitably or start a new business.

We believe that if the SBDC program is to meet the growing needs of women, minorities, baby boomers, and small manufacturers, or businesses impacted by National Guard and Reserve call-ups; the SBDC program must have additional resources. To restore states like Missouri, Massachusetts, Michigan, Indiana, Minnesota, Louisiana, etc., to the actual dollar funding they had in FY 2000 and to restore low population states like Maine, Montana, Wyoming and South Dakota to the real dollar funding they had in 1998 will require an appropriation of $109 million. We trust, Madame Chair, that when you write to the Chairman of the Senate Budget Committee on which you serve, that your recommendation will take into account the real needs of this nation's small business sector for management and technical assistance. We hope you will consider asking the Budget Committee to include in the budget a level of funding for the program that will begin to restore the real loss of resources that this program has experienced over the last eight years. We hope you will encourage the Budget Committee to take into account that the job creation and increased sales that the SBDC program helps to generate for its small business clients, in turn generates tens of millions more in revenues for the Treasury than the program receives from the Treasury. We hope that when you write your letter, you will recall the President telling the Congress in his State of the Union address that "small business is the path of advancement, especially for women and minorities." **We hope that you will ask for a $109 million for the SBDC program.**

Additionally Madame Chair, we are concerned with the **elimination of SBA's FAST** program, which a number of SBDC's directly or indirectly participate in as to assist new technology related business with the process of commercialization of products. In Maine, the Maine SBDC through its tech-focus program, the Maine Small Business & Technology Development Centers (Maine SBTDC), works in partnership with the Maine Technology Institute (MTI) to drive the vitality, competitiveness and clustering of tech-based small businesses across Maine. Funding through FAST enables MTI along with its partners, such as the Maine SBTDC, to create a statewide entrepreneurship network, facilitating access to business expertise, markets and capital. Maine currently has a strong commercialization-assistance program with funding accessed from fiscal year 2004. The FAST award accounts for $95,000, with $157,000 in matching state funds. An ROP award worth $49,000, with $25,000 in matching state funds, adds to the overall budget. The integration of these awards helps MTI and the Maine SBDTC achieve management efficiencies in the development, promotion, execution and performance-measurement of high-quality commercialization services. Similarly, other states are able to mobilize resources for tech-commercialization using FAST dollars as a basis for composition of meaningful results oriented activities such as the following currently in Maine, which include:

- *Improving the quantity and quality of SBIR proposals to federal agencies* – Since the inception of Maine's SBIR technical-assistance program in 1997, SBIR investment in the state has increased steadily, growing from $1.5 million in 1997 to more than $4 million last year. Similarly, the number of SBIR projects awarded to

Maine firms has grown from five in 1997 to 23 in 2004. For 2005, Maine will commit more than 2,700 hours of outreach and consulting time to businesses submitting SBIR proposals. The organization anticipates that this assistance will return approximately 30 awards and an investment in Maine of $6 million.

- *Producing an intensive 10-week series of commercialization workshops* – The workshop series cultivates the marketing and sales of tech-based products and services developed by Maine entrepreneurs. Designed to promote interaction within a small group, the workshops provide hands-on and practical knowledge to support go-to-market activities. The series challenges firms to think strategically and analytically while facilitating exploitation of the business opportunity. Since inception of the series in 2002, 40 firms have completed the coursework. This year's series, starting in the spring, will feature increased use of the Internet. Live "web streaming" will encourage participation by firms in rural areas, and on-line "threaded" discussions will enable a continuing exchange of ideas outside the physical workshop.
- *Growing small businesses with the Maine Tech Trackers* – Maine Tech Trackers are Maine's volunteer technology business advisors. Motivated by an interest in playing a role in Maine's economic development, Tech Trackers provide short-term and targeted assistance to MTI/SBTDC portfolio companies. Recruited statewide, Trackers are entrepreneurs, senior managers in large firms, and venture capitalists. They volunteer a small portion of their time to help technology business clients overcome specific business challenges, including accounting, engineering tests for patent applications, and business valuation for the purposes of a sale. In their role as mentors, they support small businesses by providing encouragement, critique and advice.

We believe the elimination of the FAST appropriation to be imprudent in the face of lost manufacturing jobs discussed earlier. According to the Council for Competitiveness, "Innovation fosters the new ideas, technologies, and processes that lead to better jobs, higher wages and a higher standard of living. For advanced industrial nations no longer able to compete on cost, the capacity to innovate is the most critical element in sustaining competitiveness. The United States stands apart from the rest of the world in its record of sustained innovation over decades, across industries, and through economic cycles. But the United States now finds itself at a potential inflection point—facing new realities that pose significant challenges to our global innovation leadership. How the United States responds to these realities is critically important and is the goal of the National Innovation Initiative." Elimination of FAST funding appears to fly directly in the face of this initiative, as outlined in a very recent report, entitled *Innovate America,* published by the Council.

The Administrations budget also seeks to eliminate the SBA Micro-loan program -- 30 percent of micro-loan borrowers are African American, 11 percent are Hispanic, 37 percent are women, and 30 to 40 percent are rural. Needless-to-say, our concern is that access to capital will be severely limited to our Nation's underprivileged, and even though the SBA claims it is being replaced by the Community Express program, that method of business capital access is little more than "credit card" debt, fraught with all the dangers of that type of business or, for that matter, personal financing. I know it is of particular import to Maine.

We ask that the Committee consider working toward restoration of FAST and the SBA Micro-loan Program

Finally Madame Chair, we want to call your attention to proposed FY 2006 legislation by the SBA, **Title II: Entrepreneurial Development - Sec. 201: Small Business Development Center Competition**, which proposes authorization of outside competition based on performance (FY 2005) as allegedly to improve performance results and provide a more cost effective and responsive SBDC program. **We ask you, Senator Kerry and the Committee to vehemently oppose this needless change.**

With all do respect, to our partner, the SBA, we believe such a legislative change would far from improve performance overall, or in any way, improve results, or possibly suggest a more cost effective methodology for the SBDC program, quite the contrary. Frankly, the Agency has numerous tools at its disposal to manage the SBDC program including program reviews, financial audits, diversity audits, DC based program managers, locally based project officers and district directors, client surveys, annual work plan negotiation, statistical measurement, generally additional state oversight because of matching requirements, most importantly ASBDC peer review accreditation, and, if necessary, protocol to re-bid an individual program when all fails. We suggest if that is not enough to assure outstanding performance results than perhaps Congress has been placing false trust in the Agency's ability to manage. We certainly hope not.

This year, the ASBDC celebrate twenty-five years of serving America's small business community: twenty-five years of continuous improvement, twenty-five years of helping small businesses succeed, and twenty-five years of proven results. As the members of this Committee know, the SBDC program is a program that works exceptionally well in Maine and in states throughout the country. It is a program with a proven track record of creating new businesses, jobs, sales and economic development by leveraging federal, state, university, regional and private resources. It makes no sense for the SBA to propose changes to the SBDC program that will weaken its ability to fulfill its mission.

We believe hidden in this SBA suggested legislation, the SBA is again proposing to repeal the law's requirement that applicants to host SBDC networks must be institutions of higher learning. SBA would make any non-profit organization eligible to apply for an SBDC grant, regardless of whether it had any expertise in entrepreneurship or the delivery of management and technical assistance to small businesses. We believe such would severely damage the SBDC program.

Institutions of higher learning bring academic pedigree and stability to state SBDC networks, because such institutions are built on solid financial and community foundations. In addition, institutions of higher learning help to ensure the quality and educational mission of a state's SBDC services to small business owners and aspiring entrepreneurs. The University of Southern Maine (USM) was an original pilot project participant in the creation of the forerunner to today's SBDC program and since has an over twenty-five-year history of successfully assisting Maine's small businesses. Throughout those years, the University in collaboration with Maine's SBA District Office and Maine Department of Economic and Community Development has nurtured and leveraged the Maine SBDC program to be a statewide motivating force in developing the entrepreneurial spirit of Maine people.

USM is proud of its more than 25-year role as the administrative unit for the Maine SBDC. Moreover, hosting SBDC provides opportunities for an ongoing, mutually beneficial relationship with the USM School of Business, its Center for Entrepreneurship and business research centers, and other campus entities that can create real-world solutions to business issues while complementing the University's mission of cultivating partnerships in support of the region's economic and social development.

The SBA's proposed legislative changes come at a time when Institutions of Higher Education's importance in economic development strategies are at an all time high. Witness:

- "In Cleveland's heyday, . . . proximity to water or rail mattered a lot. Today, proximity to a university campus matters a lot."
  (Tim Ferguson, *Forbes*)
- In his new book, "*The Rise of the Creative Class*", Richard Florida refers to colleges and universities as " . . . a huge potential source of competitive advantage." And he says that colleges and universities are today " . . . a basic infrastructure component . . .and far more important than traditional infrastructures such as " . . . the canals, railroads and freeway systems of past epochs . . ."
- States such as Georgia have recognized the fundamental role of higher education so clearly that its former Governor, now U.S. Senator Zell Miller, publicly declared that higher education was the infrastructure of Georgia's new economy.
- "Much of the burden of transforming Mississippi's economy will fall squarely upon the capable shoulders of the state's economic developers and our higher education system." (*Economic Development through Higher Education*, a report from the Mc Coy Working Group).

- "A strong partnership with government, business, and higher education is critical to overcome the challenges of the transition to the new global, knowledge-based economy. There are increasing expectations from legislative and executive leadership in the State that the University of North Carolina assume a more direct, active role in economic development… In its growing role in economic development, UNC is building on a strong record of service and support for communities and entrepreneurs, including those in rural areas… Seventeen Small Business and Technology Development Centers play a key role in entrepreneurial development, offering services to existing businesses and industries and supporting strategic economic development initiatives." (*The Role of the University in Economic Development*, The University of North Carolina Board of Governors Long Range Plan 2004 – 2009)

An SBDC program that is supported by an institution of higher learning like the USM or UNC or UMass or Wharton for that matter, benefits from both the resources and the high standards of that institution typical to standards set by accreditation bodies, actively engaged trustees and in the case of public institutions, the rigors of legislative scrutiny. Most institutions of higher learning have business schools that contribute the expertise of faculty, business student interns, academic crossover, MBA students, Centers for Family Business and/or Entrepreneurship and other resources. SBDC programs are, as a matter of course and design, educational programs; as such, it is only logical that institutions of higher learning should host them. It makes no sense, as the SBA seems to be proposing, to solicit SBDC grant applications from non-profit organizations that have no background or expertise in providing entrepreneurship, management and technical assistance to small businesses. And even if some non-profits do have some limited experience in these areas, their focus is usually limited; they cannot possibly bring the broad prospective that institutions like the University of Southern Maine bring to the responsibilities associated with facilitating economic progress through small business creation, growth and development.

In Maine, we do use some community and/or community development corporations as sub-hosts, but it is well documented in the SBA that such requires very keen oversight, can only operate effectively on a regional basis within the State, and need the overarching infrastructure of State support and University contractual oversight to be effective. And it is only since this state director has taken charge that there is consistency of program. To expect that any one of them could operate on a statewide basis is wishful thinking. In fact, the Women's Business Center, now administered by a CDC, has entered into a strategic alliance with the SBDC, as to garner systems, efficiencies, professional development and statewide outreach.
SBDC business management assistance counselors are qualified small business professionals who have diverse educational and business experience. Many hold MBA's and have owned and operated their own businesses. Often they bring diverse corporate experience to bear on seeking solutions for small business, especially in the

areas of marketing, management and operations. Each counselor is required to participate in a professional development program, which administers core competency standards, personal professional development plans and counselor certification for SBDC personnel. Additionally ASBDC professional development is mandatory for many SBDC programs.

Three years ago, Maine Small Business Development Centers received the Margaret Chase Smith Maine State Quality Award. This award recognizes organizations for performance excellence, based on criteria corresponding to the Malcolm Baldrige National Quality Award. The criteria for the award examine a wide range of qualities, from leadership to business results, and evaluate how well an organization's systems support its goals and objectives. Last year, the Maine SBDC underwent its peer accreditation review – perhaps the toughest management review, I have undergone as a professional manager. It too is based on Baldrige criteria and it takes seriously the idea of pass or fail in its process of review with the opportunity for non-accreditation and loss of SBA funding to occur.

This track record of quality within staff and the organization as outlined in the preceding two paragraphs has been honed with time and in the context of a University with a 125-year-old tradition of public service. Not to seek ways to build on such consistency and context in my opinion is risible on the part of the SBA.

Additionally, the SBA's request to require SBDC grants to be re-competed every five years would discourage institutions such as the University of Southern Maine from participating in the SBDC program, because such institutions would not want to invest significant matching resources in a program that might be available to them for only a short period of time. For example, in the past five years, the University of Southern Maine has invested nearly $ 550,000 in the Maine SBDC and over 1 million dollars in cost share for the privilege of administering the Maine SBDC. In all likelihood, such an investment would not have been made if the potential to lose the program because of what possibly could be construed as politics, even marginally existed.

Moreover, requiring host institutions to re-compete for SBDC grants every five years would not add to the accountability or quality of SBDC programs. Under current law, the SBA can already revoke an SBDC grant if the grant recipient is under-performing, and under current law the SBDC program is already required to have an accreditation program, that ensures quality among grant recipients. Accreditation, more than any SBA scrutiny, is a most productive mechanism for continuous improvement of the SBDC program because it is done in the context of constructive criticism and is absent any political influence, but rather reflects the goals of the ASBDC, the SBA and the states to assure the Congress it is getting what it is paying for.

In addition, SBDC hosts in every state undergo reviews by SBA auditors every two years; and as well, they receive regular program audits from SBA project directors, and also must supply titanic amounts of information, often duplicative, to the SBA. It is inherently unfair, absent a showing of mismanagement or wrongdoing, to pull a grant from a host institution that has made a significant contribution of resources to a program in the form of matching funds, in-kind contributions, training and development and other resources. There simply is no way the momentum it takes in organizational development, resource development, and relationship management, etc. should be broken for the sake of supposed competition. If there is improvement to be made, let a progressive system take care to define objectives and have the SBA and SBDC hosting organizations and other important stakeholders work together to get it done. When and where and if there is a failure in the system, let the accreditation process handily solve the problem through methods already available for assuring consistency and success of individual SBDC programs.

Notwithstanding all of the above, the SBA by way of its yearly program announcement insists the SBDCs through a negotiated process develop annually the extent to which SBDC statutory and program duties are to be delivered to address the needs of states' small business communities. In doing so, SBDCs and their partnering organizations must ensure that statutory and regulatory duties are met. SBDCs then annually operate under an annual plan, approved by the SBA, to provide ongoing small business assistance, and thereby must employ their best efforts to ensure that economic development and technical assistance services are available, as defined by statue, to all small business populations where critical success factors apply, including but not limited to SBA's special emphasis groups: Minority – Veteran – Women-owned (ex: Native Americans, Hispanic Americans, Black American, Reservists, Women, etc.). It seems to me the SBA has ample opportunity to reasonably define their wants and needs for any SBDC program within such a vehicle and that within one which already exists.

Members of the Committee, the Maine SBDC is a partnership program that combines the resources of the Federal Government, the Maine Department of Economic and Community Development, the University of Southern Maine, and leading economic and community development organizations. For 27 years the Maine SBDC has provided comprehensive business management assistance, training and information services to Maine's micro and small and now technology-based business communities. The effectiveness of this partnership, and the delivery of services to Maine's small businesses, depends on good faith, stability and cooperation among the partners. This partnership, and the resources that each of these partners brings to the SBDC program, more than likely state participation, could be destroyed by the SBA's proposal to re-compete SBDC grants every five years. It simply makes no sense. It takes from six to eight years for a counselor in New England to progress from rookie to seasoned even with the rigorous hiring requirements we place on the position. The SBDC network values longevity as do the people who are part of it, many with over ten years experience who simply wouldn't stay around if they knew their benefits and or retirement could be jeopardized every five years; they simply are too good and generally too entrepreneurial to deal with the kind of bureaucracy re-competing could bring. Ernesto Sirolli, the renowned author and principal of enterprise facilitation, suggests good business counselors to be somewhat gray haired and having been there and done it. If you subscribe to his theory (and I see myself as a living example, having over thirty years of business experience including that of a Founding Officer of Staples), these folks want to concentrate on the person of the client and not the pottage. Please let them.

Let's not forget our state partners either In Maine, the State puts in nearly 500,000 dollars additional cash over and above the 250,000 dollars cash required by the SBA; the in-kind is well provided for as well; and additional cash and leverage come from a myriad of partners. These partners including the SBA and the State all are working together in a coordinated fashion with an understanding that both State and Federal needs have to be met in coordination with one another. One-sided control is yesterday's theory. A statewide newspaper article excerpted below demonstrates collaborative realities in Maine:

> *Maine Small Business Development Centers serve thousands of small business owners each year through one-on-one business counseling and comprehensive training programs. Most Maine SBDC services are offered at no cost to clients and delivered by a team of highly qualified professionals who bring entrepreneurial experience, advanced business education, and corporate know-how to their role in advising small businesses. Maine SBDC is frequently asked how it is able to provide the level of service it does at little or no cost to its clients, who have often invested every financial resource they have into their businesses. The answer is collaboration.*
>
> *By working in partnership with business assistance service providers throughout the State, the Maine SBDC can give clients access to the best talent and resources available. In addition to funding from SBA, the State of Maine, and the University of Southern Maine, the Maine SBDC is fortunate to have many long-standing partnerships. Maine SBDC services to small businesses get a boost from collaborative relationships such as those with Maine Technology Institute, Market Development Center, Maine Women Work & Community, and others whom support customized services for specific industries and/or communities.*
>
> *Through effective collaboration with many organizations that serve small business, and coordinated missions including those of other SBA funded partners, the Maine SBDC fosters the entrepreneurial spirit upon which the future of the State's economy depends." (*MaineBiz)

As the members of the Committee know, all is not always rosy with the small business sector. The small business sector's need for management and technical assistance is greater than ever as America looks to it to fuel job growth. And so, it is more important than ever that the Committee reject SBA's proposed legislative changes to the SBDC program -- such that they would weaken the SBDC network's ability to serve America's small business owners and aspiring entrepreneurs.

As Madame Chair knows, Maine's economy is based on small business. More than 98% of Maine businesses employ fewer than 100 employees and more than 92% employ fewer than 20 employees. The services that the Maine SBDC provides to aspiring and current business owners are clearly critical to the success of Maine's economy. These services should not be put in jeopardy to serve the interests of the bureaucracy that administers the SBDC grants in Washington, DC.

The national SBDC network, including the Maine SBDC, has a proven record of creating jobs and generating growth for America's small businesses as outlined in previous testimony. With such a record of accomplishment, both in Maine and across the nation, there is no justification for the SBA's proposal to radically restructure and put at risk the effectiveness of America's Small Business Development Center Network.

Chair Snowe, we sincerely appreciate your strong support for the Maine SBDC and America's Small Business Development Network; I urge you, Senator Kerry and the members of this Committee to reject the SBA's SBDC legislative proposal. Rather, I ask that the Committee focus on ways to enhance entrepreneurial development in our great country by building on the success of the SBDC program and by developing improvement activities through increased funding, collaboration and quality related legislative activities to help get and keep America's economy moving forward with small business at the core as it has been and continues to be!

Thank you again for allowing me to appear before the committee today. It has been an honor and a privilege. At this time, I will be glad to respond to any questions that you, Madame Chair, or other members of the committee may have.

Bio: John R. Massaua, State Director – Maine SBDC/SBTDC

John Massaua is currently State Director for the Maine Small Business Development Centers (Maine SBDC) and its tech-focus group, the Maine Small Business & Technology Development Centers (Maine SBTDC), headquartered at the University of Southern Maine. He first served the Maine SBDC as a Business Management Assistance Counselor with Coastal Enterprises, Inc. (CEI), Wiscasset, ME, after spending thirty years in the retail/wholesale industry, where he acquired a broad range of business knowledge within small and medium size companies. His generalist background includes sales, merchandising, marketing, purchasing, operations, logistics, and wide-ranging management experience. Massaua's latest corporate position was that of Senior Vice-president: Purchasing, Merchandising and Communications for Millbrook Distribution Services Incorporated, Leicester, MA, a leading national distributor of consumer products and value added services to the retail industry. While at Millbrook, he was part of a management led LBO which purchased the Company from "Fortune 100" drug wholesaler, McKesson Corp. (MCK), San Francisco, CA. He served concurrently on the Board of Directors for the General Merchandise Distributors Council (GMDC), Colorado Springs, CO.

Among his various career positions, Massaua was responsible for the introduction of the first food and drug combo-retail units to New England when he was employed with Mott's Shop-Rite Supermarkets (MSM), East Hartford, CT, as Executive Vice-president. He was a Founding Officer and subsequently Group Vice-president: Operations for Staples, The Office Superstore (SPLS), Framingham, MA, where he developed the Company's original store look, its initial distribution strategy and small business service offerings. He brought Staples retail outlets out of the Company's home base in Boston into the metro New York, Philadelphia and Washington DC markets. Additionally, Massaua successfully worked as a turn-around manager for a fledgling specialty retail chain as President of WindowRama Inc., Deer Park, NY.

Early in his career, Massaua as Senior Vice-president quadrupled the sales of a sleepy fifty-year old, consumer products distribution company, Imperial Distributors Inc. (IDI), Auburn MA. And, during his career, Massaua experienced the agony of defeat through bankruptcy as Executive Vice-president: Marketing/Merchandising/ Logistics for ALP/Freddy's L.P., a Rochester, NY based, deep-discount drug retail group. He also experienced a competitive corporate take over by General Nutrition Centers (GNCI), Pittsburgh, PA while at Nature Food Centres (NAFD), Wilmington, MA, where he was Vice-president: Merchandising/Marketing. As his most favorite labor of love, Massaua cites the micro business he and his spouse owned and operated in Rochester, NY: Compkidz, which provided computer facilitated learning fun for preschoolers.

Massaua completed his undergraduate studies at Fordham University, where he received a BS degree in Marketing. He also holds an MBA in Management earned at Fairleigh Dickinson University. Massaua is listed in *Who's Who in America,* is Certified Senior SBDC Business Counselor, is a Certified FastTrac Instructor, and is on the Board of the Association of Small Business Development Centers' (ASBDC) and among other responsibilities is actively engaged in its Legislative Affairs Committee. He holds the distinction of Price-Babson Fellow at the University of Southern Maine (USM), where he is a member of the adjunct faculty. Additionally, Rotary International has awarded Massaua a Paul Harris Fellowship for community service. And, Massaua is a recent graduate of Maine Development Foundation's *Leadership Maine* 2002/03 Kappa Class. In 2004, the Maine Office of the U.S. Small Business Administration (SBA) presented Massaua with its Thomas A. McGillicuddy Award for Excellence for his "unfaltering commitment" to Maine's small businesses and entrepreneurs.

Massaua also currently serves as Support Systems Chair for the State of Maine's Entrepreneurship Working Group; is on the board of the Maine Small Business Alliance, a Ford Foundation seeded initiative, to raise the voice of small business; serves on the Maine Department of Economic and Community Development's (DECD) Economic Development Team; serves on USM's Academic Council; and is a member of the SBA Maine Office's Resource Partner Task Force, USM's Institute for Family Business Strategic Planning Group, the Professional Consultants of Maine and the Economic Development Council of Maine..

Massaua and his wife Janice call home a circa 1818 residence in the rural central Maine community of China Village.